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PAGE 01 STATE 138673

61

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INFO OCT-01 EUR-25 ISO-00 HEW-08 NSF-04 NASA-04 CIAE-00

PM-07 INR-10 L-03 ACDA-19 NSAE-00 PA-04 RSC-01 PRS-01

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E.O. 11652: N/A

TAGS: TECH, ENRG, GW

SUBJECT: OFFSET - RESEARCH AND DEVELOPMENT

REF: BONN 09074

FOR S&T COUNSELOR

1. WE HAVE REVIEWED THE FRG PROPOSED PROJECTS PARA 3 REF. WITH CONCERNED AGENCIES AND OTHER THAN POSSIBLY PROJECT (B) THEY DO NOT MEET THE CRITERIA OF ADDITIONALITY. THESE PROJECTS ARE COVERED BY EXISTING AGREEMENTS OR AGREEMENTS BEING NEGOTIATED PRIOR TO OFFSET AGREEMENT AND CONSUMMATION NOT DEPENDENT ON AVAILABILITY OF FUNDS FROM OFFSET.

2. REGARDING PROJECT (B) PARA 3 OF REF. AEC REPORTS

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PAGE 02 STATE 138673

ALTHOUGH THERE HAVE BEEN SOME PRELIMINARY TALKS BETWEEN

COMBUSTION ENGINEERING AND KWU THAT TO THEIR KNOWLEDGE THERE HAVE BEEN NO SERIOUS NEGOTIATIONS, SO IT MAY BE THE AVAILABILITY OF OFFSET FUNDS WOULD RESULT IN A CONTRACT AND THIS PROJECT WOULD BE SUITABLE. AEC HAD RECEIVED A PROPOSAL FROM COMB. ENGI, ON THIS SAME PROJECT EARLIER AND WERE QUOTED A PRICE OF 1.4 MILLION DOLLARS OF WHICH 0.6 MILLION DOLLARS WAS FOR FACILITY MODIFICATIONS AND CONSEQUENTLY WAS OF NO INTEREST TO AEC. COMB. ENGI. HAS ALSO SUBMITTED SAME PROPOSAL TO ELECTRICAL PRODUCERS RESEARCH INSTITUTE, PALO ALTO, CALIFORNIA. SO IT WOULD APPEAR THAT ANY POSSIBLE CONTRACT BETWEEN KWU AND

COMB. ENGI. COULD BE DEPENDENT ON OTHERS PARTICIPATION IN THAT THE FRG FUNDS WOULD NOT COVER THE PROPOSED COST. YOU MAY WISH TO CONFIRM THIS.

3. INsofar AS SCIENTIFIC EQUIPMENT WE AGREE IT DOES NOT QUALIFY AS ADDITIONALITY UNLESS RELATED TO ONE OF THE COOPERATIVE PROJECTS. PAST PROCURMENTS OBVIOUSLY ARE NOT AND ANY IDEA OF BRINGING PLANNED PROCURMENTS UNDER OFFSET WOULD DETRACT FROM THE INTENT OF INCLUDING THIS COMPONENT UNDER OFFSET. WE DO NOT FEEL CRITERIA USED FOR MILITARY PURCHASES APPLICABLE IN THIS AREA. MILITARY PURCHASES BECAUSE THEY CONTRIBUTE TO OUR MUTUAL DEFENSE CAN BE MORE EASILY IDENTIFIED IN MOST INSTANCES AS ADDITIONALITY.

4. THERE HAVE BEEN IN PAST SOME JOINT VENTURES IN URANIUM PROSPECTING, BUT NONE EXIST AT PRESENT, BUT WOULD LIKE MORE INFORMATION PRIOR TO TAKING A FIRM POSITION.

5. REQUEST EMBASSY ADVISE TECHMIN OF ABOVE RESPONSE AND EXPRESS GOVERNMENT DISAPPOINTMENT THAT FRG HAS FAILED TO VIEW THIS NEW OFFSET COMPONENT AS AN OPPORTUNITY TO GENERATE NEW AND IMAGINATIVE COOPERATIVE PROJECTS. WE WOULD HOPE THE TECHMIN CAN SUPPLY A NEW LIST OF PROJECTS IN NEAR FUTURE. IF IT WOULD BE HELPFUL WE CAN SUPPLY AN UPDATED ILLUSTRATIVE LISTING OF PROJECTS OF MOST INTEREST TO U.S. BUT BECAUSE SUCH A REVIEW WOULD INVOLVE A LARGE NUMBER OF PROJECTS AND AGENCIES WE WOULD PREFER TO AT LIMITED OFFICIAL USE

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PAGE 03 STATE 138673

LEAST KNOW WHICH S&T SECTORS, E.G. SPACE, HEALTH ETC ARE OF PRIMARY INTEREST TO FRG AND THEREBY LIMIT OUR REVIEW. SISCO

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